



TAKE HOME VEHICLE PERFORMANCE AUDIT

OCTOBER 2014



CITY OF DURHAM
AUDIT SERVICES DEPARTMENT

*“Provides independent, objective
assurance and investigative services”*

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To: Audit Services Oversight Committee
From: Germaine Brewington, Director
Audit Services Department
Date: October 27, 2014
Re: Take Home Vehicle Performance
Audit (October 2014)

The Department of Audit Services completed the report on the Take Home Vehicle Performance Audit dated October 2014. The purpose of the audit was to assess the reasonableness of current practices over take home vehicles and identify potential cost saving opportunities.

This report presents the observations, results, and recommendations of the Take Home Vehicle Performance Audit dated October 2014. City management concur with the recommendations made. Management's response to the recommendations is included with the attached report.

The Department of Audit Services appreciates the contribution of time and other resources from employees of the Departments of Fleet Management, Finance and the Durham Police Department in the completion of this audit.

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BACKGROUND INFORMATION

Take home vehicles (THV) are provided to City employees in order to carry out their job responsibilities. Individual departments oversee the use and assignment of each take home vehicle. Approximately 284 vehicles are assigned to employees to take home on a daily basis. The breakdown of the number of take home vehicles by department is provided in Table 1.

Table 1: Take Home Vehicles by Department

Departments	Number of THV
Emergency Communications	1
Fire	9
Fleet Management	6
Public Works	2
Water Management	1
Police	265
Total	284

As illustrated by Table 1 the majority of the take home vehicles are assigned to the Durham Police Department (DPD), accounting for 93% of total take home vehicles.

Table 2 displays the number of take home vehicles by Police units as of August 2014. Per current DPD staff that figure has either been the same or has decreased over the past few years; however, data has not been maintained over the years on the exact number of vehicles assigned as take home vehicles.

BACKGROUND INFORMATION

Table 2: Number of THV by DPD units as of August 2014

Police Department Unit	Number of THV
Bio Chemical Emergency Response Team	2
Crisis Intervention Team	1
Criminal Intelligence Unit	3
Command	26
Community Resource Unit	8
Crime stoppers	1
Court Liaison	1
Domestic Violence Unit	11
Fraud Unit	8
Forensics Unit	9
Gang Resistance Education And Training	10
High Enforcement Abatement Team	33
Homicide Unit	9
Internal Affairs	7
Interdiction	9
Investigation	32
Canine Unit	9
Major Crimes Unit	8
Motorcycle Unit	3
Organized Crime Unit	5
Operations and Office of the Chief	1
Uniform Patrol	3
Project Safe Neighborhood	1
Shooting Range	1
Recruiting Department for DPD	1
Selective Enforcement Team	12
Special Operations Division	10
Special Victims Unit	11
Traffic And Crash Team	8
Training and Personnel Division	6
Violent Incident Response Team	5
Victim Service Unit	4
Warrant Squad	3
Other	4
Grand Total	265

BACKGROUND INFORMATION

A City wide policy governing use and assignment of take home vehicles does not exist. The Police Department has General Orders governing take home vehicles. According to Police Department General Order 3004 R-4 “Department Vehicles”, priority for vehicle assignment is given to field operations and remaining assignments are based upon the responsibilities and duties of the employees. Assignment criteria can include:

- Nature of duties – equipment required to be carried, etc.;
- Frequency of use – during and after duty hours;
- Call-back status – likelihood, urgency; and
- Rank responsibilities – management of 24-hour police operations when transportation is needed to monitor subordinate field activities, to respond to police calls or to frequently perform administrative functions at other locations.

According to the General Order, take home vehicles within the Police Department will not be assigned based on recruiting or retention imperatives, or in lieu of compensation. The Police Fleet Coordinator will assign vehicles based on recommendations of the Executive Command Staff. Final authority for assignment of vehicles rests with the Executive command staff for all sworn officers. Vehicle assignments provided to a non-sworn member must have prior approval from the Chief of Police.

Finance Policy FP 205-1, “Personal Use of City Vehicles” establishes criteria under which City employees report taxable gross income in accordance with Internal Revenue Service (IRS) requirements for personal use (commuting) of City vehicles. The City is responsible for accurately reporting to the Internal Revenue Service (IRS), an employee’s income (including taxable fringe benefits such as personal vehicle use) — on the employee’s W-2 form. According to policy the value of the car’s use for commuting shall be included in the employee’s wages for tax purposes. Qualified vehicles are exempt from the reporting requirement. Qualified vehicles include:

BACKGROUND INFORMATION

- Clearly marked police or fire vehicles; and
- Unmarked vehicles used by law enforcement officers.

Based on research performed by the Department of Audit Services staff during the planning phase of the audit, a summary of pros and cons of having a Take Home Vehicle Program are addressed below:

Arguments for having a Take Home Vehicle Program

- Employees may not have access to their personal vehicles 24-hours a day, which may hinder them from responding to emergencies. Providing a take home vehicle ensures that emergency responders can get to emergencies once notified;
- City Vehicles have the necessary equipment in the vehicle that allows emergency responders to communicate and better understand the nature of the emergency in route; allowing them to be effective quicker at the site;
- Increased response times by employees with take home vehicles - they do not have to drive to the location where their City vehicle is parked to retrieve that vehicle;
- Take home vehicles contain most of the equipment emergency responder's need, so they can respond directly to the scene and be fully equipped to perform their duties;
- Take home vehicles are standard industry practice for appropriate personnel (i.e., sworn officers);
- The City does not have adequate parking to accommodate additional or all current Police vehicles; and
- Police take home vehicles can impact community safety by providing a level of crime deterrence and a sense of community safety.

BACKGROUND INFORMATION

Arguments against a Take Home Vehicle Program

- Take home vehicles increase operating costs and capital replacement expenditures;
- Take home vehicles increase liability exposure for the City, especially during off-duty usage;
- Misuse of take home vehicles can result in noncompliance with federal tax requirements;
- The public pays for the commuting costs associated with the take home vehicles.

EXECUTIVE SUMMARY

Purpose

The Purpose of the audit was to assess the reasonableness of current practices of take home vehicles and identify potential cost saving opportunities.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

EXECUTIVE SUMMARY

Results in Brief

The City has assigned approximately 284 vehicles to employees to take home on a daily basis. The Police Department take home vehicles account for 93% of total take home vehicles. Overall, the current practices pertaining to the assignment of take home vehicles at the City should be strengthened. A City wide policy addressing assignment and use of take home vehicles does not exist. The Police Department has a policy that governs the assignment and use of take home vehicles (General order Number 3004 R-4 "Department Vehicles"); however, a departmental policy is only sufficient for that department and cannot take the place of a City wide policy. Lack of a City wide policy has caused departments to have varying practices for assignment and use of take home vehicles. The City wide policy should clearly define the purpose of the take home program and eligibility criteria. The Police Department policy is comprehensive; however, the intent of the Take Home Vehicle Program is not defined and the established eligibility criteria in the policy are too broad. In order to realize cost savings, management has to more clearly define the intent of the Take Home Vehicle Program; and perform a cost benefit analysis of maintaining the current assignments. Once the purpose of the policy is determined management should review the take home vehicle assignments to determine if they are in keeping with the established purpose. Potential costs savings can be recognized by reviewing/revising take home vehicle assignments in the following areas:

- Vehicles with actual low call back frequency- currently assignments based on perceived call back rather than actual call back;
- Police Department out of County take home vehicle assignments;
- Non-sworn Police personnel assignments of take home cars;
- The twenty five mile one-way commute distance limit calculated based on actual miles versus "as the crow flies" (for the Police Department); and

EXECUTIVE SUMMARY

- Vehicles with a majority of commute miles.

A few effective practices were identified during the audit. The Police Department management team established a maximum limit for one-way commute distance. Also, an adequate approval process exists at the Police Department for take home vehicles assigned to officers residing outside of Durham County.

OBJECTIVES, SCOPE & METHODOLOGY

Objectives

The objectives of the audit were to:

- Assess the reasonableness of current practices pertaining to the assignment of take home vehicles and to identify potential opportunities for cost savings; and
- Determine if the City reports vehicle usage in accordance with pertinent IRS taxation rules and regulations.

Scope

The scope of the audit included all current practices as they related to the assignment of take home vehicles. In addition, the audit examined costs associated with take home vehicles for the fiscal year ending June 30, 2014.

Methodology

Audit Services Department staff performed the following procedures to accomplish the objectives of the audit:

- 1 Reviewed policies and procedures pertaining to take home vehicles;
- 2 Obtained a list of all take home vehicles from the Fleet Management Department and verified completeness by obtaining confirmation on the accuracy of the information from department staff;
- 3 Calculated the commute miles for all take home vehicles based on the employee's home address;
- 4 Determined the number of take home vehicles that are driven out side of City and County limits;

OBJECTIVES, SCOPE AND METHODOLOGY

- 5 Determined if the take home vehicles are used primarily for commuting by subtracting total miles driven from commute miles;
- 6 Determined, specifically for the Police Department take home vehicles, how many vehicles would not meet the maximum 25 mile limit if the calculation was based on miles driven versus the “as the crow flies” methodology;
- 7 Calculated the cost to the City of Durham of all take home vehicles for fiscal year 2014;
- 8 Researched best practices and surveyed various jurisdictions’ policies and procedures pertaining to the use and assignment of take home vehicles; in order to benchmark the City’s take home assignments with other jurisdictions.
- 9 Determined if vehicles were assigned as a take home vehicle based on legitimate reasons by:
 - Analyzing call – back frequency for individuals with take home vehicles based on nature of any emergency response duties, and the response time required if information was available;
 - Interviewing Base Commanders;
 - Reviewing the Out of County Approval Forms to determine if the justification provided was adequate;
 - Reviewing job descriptions for the individuals assigned the take home cars;
 - Reviewing the department’s justification for assigning staff take home vehicles;

OBJECTIVES, SCOPE AND METHODOLOGY

- 10 Reviewed the use of City owned gas cards by employees that have take home vehicles;
- 11 Verified controls in place to monitor take home vehicles. Determined if the departments assess the need for take home vehicles annually and if they monitor call back frequency.
- 12 Determined if information regarding accidents caused by employees while driving take homes vehicles was captured and routed to the Department of Fleet Management and the Risk Management Division of the Finance Department;
- 13 Surveyed, on a sample basis, employees with take home vehicles;
- 14 Determined if employees with take home vehicles were in compliance with IRS reporting requirements; and
- 15 Documented employees that have take home vehicles but are exempt from reporting; and ensured exemption was valid and in line with IRS regulations and policy.

During the audit, staff also maintained awareness to the potential existence of fraud.

AUDIT RESULTS

OBJECTIVE Assess the reasonableness of current practices pertaining to the
1 (a) assignment of take home vehicles

An overarching City wide policy on use and assignment of take home vehicles does not exist.

A City wide policy addressing assignment and use of take home vehicles does not exist. Fleet Policy FLT 100-1, "City Vehicle Policy" briefly addresses assignment of permanently assigned vehicles. In addition, the Police Department has a policy that governs the assignment and use of take home vehicles (General Order Number 3004 R-4 "Department Vehicles"); however, a departmental policy is only sufficient for that department and cannot take the place of a City wide policy. Lack of a City wide policy has caused departments to have varying practices for assignment and use of take home vehicles. A City wide policy based on a clear purpose would clarify which staff would best serve the City by having a take home vehicle. The City wide policy would provide clarification by describing the criteria for assigning take home vehicles as well as the purpose/intent of having a Take Home Vehicle Program.

In reviewing the list of take home vehicles, it was noted that in three instances take home vehicles were provided as part of the employee's compensation package. Because this practice exists, the City wide policy should address the appropriateness of providing take home vehicles as part of an employment compensation package and specify who the approval authority resides with.

Departments with take home vehicles do not review justification for take home vehicle assignments annually.

Justifications for take home vehicle assignments are not reviewed annually by all departments. Take home vehicle assignments should be reviewed annually in order to ensure that only employees that have a need and meet the intent of the policy, continue to receive the benefit of having a take home vehicle.

AUDIT RESULTS

Departments do not track the actual call back frequency for employees with take home vehicles.

The departments with take home vehicles are basing assignment of take home vehicles on perceived call back frequency rather than actual call back frequency. All departments including the Police Department staff do not track information on actual call back frequency. When take home vehicle assignments are not backed by actual emergency response needs, those City vehicles may become primarily commuter vehicles paid for by taxpayers. The costs associated with take home vehicles can be significantly reduced if the departments only allow take home use for limited vehicles that are critical for responding to an emergency.

The Police Department does not adequately update its take home vehicle list.

The list of take home vehicles provided by the Police Department contained some errors. The list did not reflect some vehicle reassignments as a result of position changes. The list should be updated regularly to account for these changes. Audit Services staff documented instances where reassignment of take home vehicles had occurred; however, the list provided at the beginning of the audit did not reflect these reassignments. The Police Department has a Fleet Manager who is responsible for maintaining a list of the complete Police fleet. The Fleet Manager is not always informed when a Department take home vehicle is reassigned. The Fleet Manager uses information on the individual who fueled the take home vehicle per the Faster System to update assignment information on the take home vehicle list. Sometimes employees will notify the DPD Fleet Manager of the changes; however a reliable process does not exist.

AUDIT RESULTS

The Police Department management established a maximum limit for one-way commute distance from the Police Department headquarters for employees with take home vehicles.

A 25 mile one-way commute distance - calculated “as the crow flies” policy was established by DPD for take home vehicles. Establishing a maximum limit helps ensure that take home vehicles remain within a reasonable distance from headquarters. If an employee lives outside the 25 mile radius, they have to find a safe place to park the take home vehicle inside the 25 mile radius. The 25 mile one-way commute distance limit is calculated based on “as the crow flies” mileage rather than driving mileage.

An adequate approval process exists at the Police Department for take home vehicles assigned to officers residing outside of Durham County.

Approximately 55% of all Police Department take home vehicles were driven outside of Durham County for the period under examination. The North Carolina cities and towns (where vehicles were driven) furthest from the Durham County limit are: Burlington, Mebane, Oxford, Roxboro, Clayton, Graham, Garner, Holly Springs, Apex, Pittsboro, Raleigh, Creedmoor, Franklinton, Youngsville, and Stem. The Police Department has a process to document approval of take home vehicles for officers that reside outside of Durham County and drive their take home cars outside of Durham County. Out of County justifications were reviewed by the Audit Services staff. The results of the review for the Out of County Approval Forms follow:

- 92 out of 126 Out of County Forms documented on-call status or call-duty related responsibilities as justification for the need to have a take home vehicle; and
- Three of the 126 Out of County Forms reviewed did not provide a reason or explanation for the need to have a take home vehicle.

AUDIT RESULTS

OBJECTIVE Potential opportunities for cost savings

1 (b)

The Police Department policy is comprehensive; however, the intent of the Take Home Vehicle Program is not defined and the established eligibility criteria in the policy are too broad. In order to realize cost savings, management has to more clearly define the intent of the Take Home Vehicle Program; and perform a cost benefit analysis of maintaining the current assignments. Putting the costs into context however, the operating and maintenance costs for the largest user of the Take Home Vehicle Program- DPD are 1.8% of their total operating budget. The estimated commute costs for DPD is .7% of their overall budget. The cost to the City of the total take home vehicle fleet is summarized in Table 3. In addition to operating and maintenance costs, the cost of depreciation related to the commuting portion is an additional cost to the City. Those additional costs of wear and tear to the take home vehicles were not quantified.

Table 3: The cost of the take home vehicles to the City follows:

Department	Take Home Vehicles	Annual Miles Driven	Operating & Maintenance + Fuel	FY14 Commute Miles	Estimated FY14 Commute Cost
Emergency Communications	1	3,971	\$1,316	1,928	\$639
Fire	9	107,351	\$27,408	53,309	\$11,725
Fleet	6	53,543	\$9,189	20,098	\$3,274
Police	265	3,306,829	\$932,424	1,287,732	\$352,667
Public Works	2	17,786	\$3,800	7,489	\$1,659
Water Management	1	16,265	\$2,774	8,342	\$1,423
TOTAL	284	3,505,745	\$976,911	1,378,898	\$371,387

*The estimated commute costs were calculated by multiplying FY 14 commute mile percentage (estimated commute miles/total FY 14 miles) with total operating & maintenance + fuel cost.

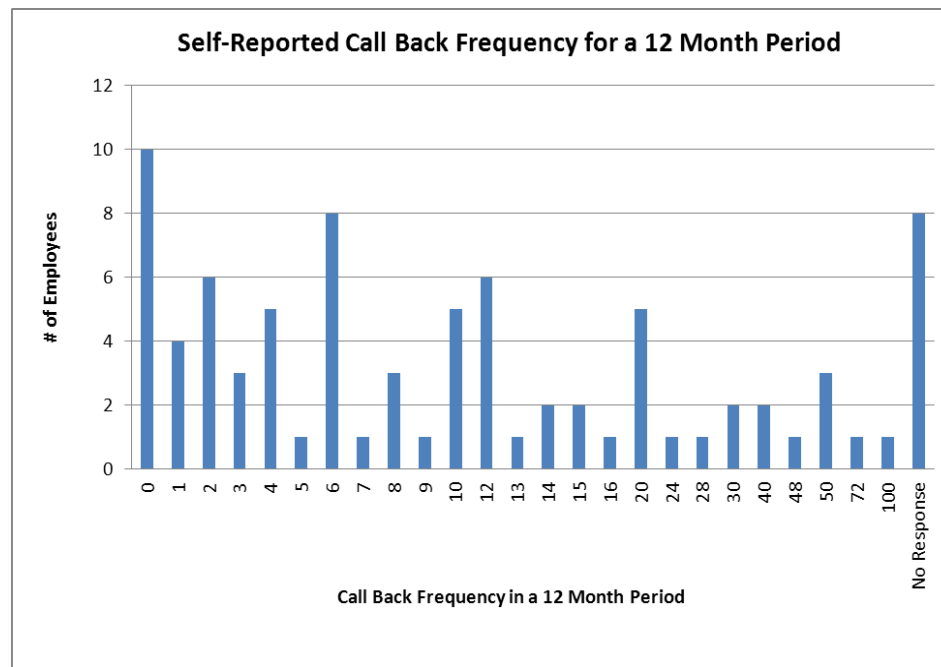
AUDIT RESULTS

If management is looking to decrease the costs of the Take Home Vehicle Program, opportunities exist with better definition of the Program's intent. The opportunities for cost savings can be realized by reviewing the areas discussed below.

Reviewing vehicles with actual low call back frequency at the Police Department and determining whether it is cost beneficial for them to have a take home vehicle can result in cost savings.

In lieu of not having actual call back information available for review, Audit Services staff utilized surveys to determine call back frequency. Based on surveys received from employees who self-reported, the following Graph 1 reflects the number of times employees with take home vehicles were called back to respond to situations.

Graph 1: Self-Reported Call Back Frequency



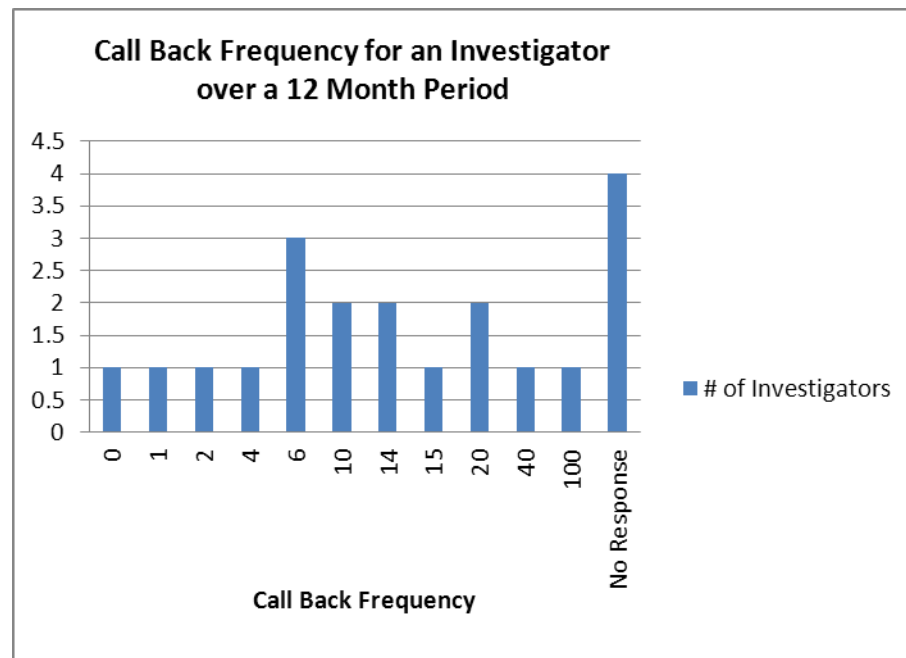
AUDIT RESULTS

Based on the above information, 35% of employees reported being called back five times or less in a 12 month period. Twenty-one percent of employees reported being called back between six to ten times.

The information obtained was also reviewed to see if the frequency of call backs correlated with specific positions. For instance, there are 10 corporals with take home vehicles who were surveyed. Nine of the 10 corporals were called back nine times or less in a 12 month period. One of the 10 corporals surveyed was called back more than 50 times.

Twenty investigators with take home vehicles were surveyed. The following Graph 2 demonstrates the call back frequency for the 20 investigators.

Graph 2: Call Back Frequency for Investigators



AUDIT RESULTS

Approximately half of the investigators surveyed were called back 10 times or less in a 12 month period. Take home vehicle assignments should be based on actual call back frequency not just perceived call back frequency.

Cost savings can be realized by monitoring actual call back frequency and establishing a minimum number of call backs to support take home vehicle assignments. Reviewing vehicles with low call back frequency in conjunction with a definitive purpose can help determine whether a need exists for the assignment of some take home vehicles.

Reviewing Police Department out of County take home vehicle assignments can identify cost savings.

Of the 126 Out of County Forms approved for take home vehicles, 26 did not document call-back or on-call pay as the reason for needing a "Take Home Vehicle". Some of the 26 take home vehicles are issued to officers with community service duties including recruiting, crisis intervention, and the victim services unit. Neither the job descriptions nor the relevant General Order documents duties which require specific use of a City vehicle in support of call-back activities or being on-call. The Police Department should reexamine the need for these employees to have a take home vehicle. Management needs to address whether the advantages of having take home vehicles traveling outside the County outweigh the costs associated with those take home vehicles.

One potential benefit of having a Take Home Vehicle Program is increased response times. However, the further beyond City limits a City vehicle is driven, the less benefit the vehicle can provide in case of emergencies. One can argue whether

AUDIT RESULTS

employees can provide a faster response driving a take home vehicle beyond 25 miles “as the crow flies” which can be higher than 25 miles if driving miles are considered. The Police Department does not have established response times by unit. Per the watch commanders, they expect employees to respond within half an hour from the time they are notified. If established response times are not required for specific job responsibilities and if specialized equipment is not maintained in a vehicle to facilitate a more rapid response to an emergency, DPD should reexamine these assignments versus requiring employees to pick up a City vehicle.

Revising the 25 mile one-way commute distance limit calculated based on “as the crow flies” for the Police Department can identify cost savings.

As previously stated, approximately 55% of take home Police Department vehicles are driven outside of Durham County. Revising the 25 mile radius as the crow flies might help reduce costs. Approximately 43 take home vehicles would not qualify if the limit was calculated based on actual driving distance. On average these vehicles are driving an additional 10 miles roundtrip per day. This would add an additional 1680 miles on the vehicle per year. For these 43 vehicles, employees would be required to park their vehicles inside the 25 mile radius. Total operating costs of these vehicles for FY 2014 was approximately \$186,415. The cost of commuting is approximately \$106,652. Fourteen employees were granted an exception to this 25 mile one-way commute as the crow flies rule and were allowed to participate in the Take Home Vehicle Program.

Reviewing non-sworn Police Personnel members’ assignments of take home cars can offer some cost savings.

There were 10 non-sworn police personnel that were assigned take home vehicles. Possible cost saving opportunities exist if the intent of the program is to ensure that take-home vehicles only go home with employees who frequently need to address emergencies in the field requiring immediate response.

AUDIT RESULTS

The total operating costs for these vehicles equaled \$18,759. The cost of commuting is estimated at \$15,042.

Commuting comprises most of the miles traveled by some of the City's take home vehicles. Reviewing these assignments can offer cost savings.

The Audit Services staff determined the commuting portion of the total miles that pertain to take home vehicles. The commuting miles were determined based on the distance from an employee's residence or where the car was parked overnight to the work location. For Police Department take home vehicles, if the employee resides outside the 25 mile limit, they are required to park the car within the 25 mile limit instead of taking it home. In such cases, information about parking locations was obtained from the Out of County Approval Forms retained by the Police Department. Police take home vehicles can also be driven to an officer's secondary employment; however data was not available to determine the miles pertaining to secondary employment, which is an added benefit to the employee. If mileage information pertaining to secondary employment was included in the calculations below, the commute miles would be greater (as it would be considered personal use), thus decreasing the work related miles driven.

Based on the analysis performed on commute miles, the results follow in Table 4 on page 25.

AUDIT RESULTS

Table 4: Commute Miles Analysis

Department	≥ 75 % FY14 Commute Miles	50-74.9% FY14 Commute Miles	25-49.9% FY14 Commute Miles	0-24.9% FY14 Commute Miles
Emergency Communications	0	0	1	0
Fire	2	3	1	3
Fleet	1	0	4	1
Police	34	47	110	74
Public Works	1	0	0	1
Water Management	1	0	0	0
Total	39	50	116	79
Total Cost Related to Commute (Operating & Maintenance + Fuel)	\$71,221.91	\$93,409.89	\$157,073.00	\$49,681.68

Overall there were 3,505,745 annual miles driven for fiscal year 2014 by assets classified as take home. 1,378,898 of those miles pertained to commute miles as estimated by Audit Services staff. An estimated 39% of the total miles driven pertain to commute miles. As Table 4 above shows, the majority of the total annual miles on some of the take home vehicles pertained to the employees commuting from home to work. Management should review the take home vehicle benefit to determine if a cheaper alternative is available such as providing an allowance instead of an actual vehicle.

Review, for potential cost savings, the allotment of take home vehicles assigned to personnel from the Departments of Fire, Fleet Management, Public Works, Water Management, and Emergency Communications.

The departments of Fleet Management, Fire, Public Works, Water Management and Emergency Communications do not maintain call back data on employees with take home vehicles. According to Policy FP-205, “to avoid potential for the IRS to consider all use of the vehicle as taxable income, employees should keep documentation substantiating the business use of the vehicle.

AUDIT RESULTS

This may be accomplished using a mileage log that shows date, purpose of use and mileage amounts business/personal". The Fire department has nine take home vehicles. The take home vehicles are assigned based on rank and the nature of the job responsibilities. The Fleet Department has six take home vehicles. Based on interviews with employees it appears that the call back frequency is low for some employees. Also, three of the total take home vehicles for these departments were provided as part of employee compensation packages. Management should review the take home vehicle benefit to determine if a cheaper alternative is available such as providing an allowance instead of an actual vehicle.

OBJECTIVE 2 Determine if the City reports vehicle usage in accordance with pertinent IRS taxation rules and regulations.

Audit services staff examined payroll records to verify if employees who have take home vehicles are reporting in accordance with Finance Policy FP 205-R1, "Personal Use of City Vehicle". Four exceptions were noted. These employees have take home vehicles, however are not reporting the benefit as required by policy. Policy FP 205-R1 places the responsibility on the Departments and employees with the take home vehicles to submit the appropriate information to the Finance Department in order to ensure that the City complies with IRS requirements.

Conclusion

The City has assigned approximately 284 vehicles to employees to take home on a daily basis. The Police Department take home vehicles account for 93% of total take home vehicles. Overall, the current practices pertaining to the assignment of take home vehicles at the City should be strengthened. A City wide policy addressing assignment and use of take home vehicles does not exist. The Police Department has a policy that governs the assignment and use of take home vehicles (General order Number 3004 R-4 "Department Vehicles"); however, a departmental policy is only sufficient for that department and cannot take the place of a City wide policy. Lack of a City wide policy has caused departments to have varying practices for assignment and use of

AUDIT RESULTS

take home vehicles. The City wide policy should clearly define the purpose of the take home program and eligibility criteria. The Police Department policy is comprehensive; however, the intent of the Take Home Vehicle Program is not defined and the established eligibility criteria in the policy are too broad. In order to realize cost savings, management has to more clearly define the intent of the Take Home Vehicle Program; and perform a cost benefit analysis of maintaining the current assignments. Once the purpose of the policy is determined management should review the take home vehicle assignments to determine if they are in keeping with the established purpose. Potential costs savings can be recognized by reviewing/revising take home vehicle assignments in the following areas:

- Vehicles with actual low call back frequency- currently assignments based on perceived call back rather than actual call back;
- Police Department out of County take home vehicle assignments;
- Non-sworn Police personnel assignments of take home cars;
- The twenty five mile one-way commute distance limit calculated based on actual miles versus “as the crow flies” (for the Police Department); and
- Vehicles with a majority of commute miles.

A few effective practices were identified during the audit. The Police Department management team established a maximum limit for one-way commute distance. Also, an adequate approval process exists at the Police Department for take home vehicles assigned to officers residing outside of Durham County.

RECOMMENDATIONS

Recommendation 1

The City Manager's office should establish a City wide take home policy. The policy should:

- Standardize the Take Home Vehicle Program by clearly stating the purpose of the Take Home Vehicle Program;
- Define the eligibility/justification criteria to identify which staff would best serve the City by having a take home vehicle. The eligibility criteria should consider whether:
 - The position is required to respond to the field with special equipment;
 - The position is required to respond within an established framework; and
 - The position is called back frequently because of unforeseen emergencies.
- Require that a complete and accurate listing of take home vehicles be maintained by both the department and the Fleet Management Department;
- Require all departments with take home vehicles to perform an annual review of the take home vehicle assignments to determine if a valid need still exists and to identify opportunities to increase the use of pooled vehicles and/or reduce the number of take home vehicles;
- Address the appropriateness of having take home vehicles as part of compensation packages for employees; and
- Define the approval authority for the take home vehicle assignments.

In addition, a maximum emergency response time for employees with take home vehicles should be established. Departments should establish and document emergency response time limits

RECOMMENDATIONS

and other expectations by unit. The policy should include language to address call backs of a non-emergency nature; possibly providing options to employees for reimbursement for mileage for the use of their personal vehicles in lieu of take home vehicles. Once a City wide policy is established, the Police Department policies should be revised to ensure alignment with the City policy.

Recommendation 2

All departments with take home vehicles should perform a review of the take home vehicles to identify opportunities to eliminate take home vehicles that do not meet the intent of a City wide policy. This review should take into consideration the number of actual emergency responses, types of special equipment needed and response times. The departments should explore the possibility of reducing take home vehicle assignments by creating stand-by rotational assignments, increasing the use of pooled vehicles, and ensuring that the justification for each take home assignment is well documented.

Recommendation 3

Departments with take home vehicles should establish a process to maintain accurate and updated assignment records. In addition, in an effort to be more transparent, documentation should also be maintained on the number of actual call-backs for individuals, positions and units with take home vehicles.

Recommendation 4

Department directors should ensure that employees report the benefit of having a take home vehicle in accordance with policy FP 205-R1 "Personal Use of City Vehicle". In addition, the Department directors should annually provide a list of all employees with take home vehicles that are supposed to comply with policy FP 205-R1. The Finance Department staff should verify if all the employees listed are in compliance with the policy. Exceptions should be reported to the Department directors.

MANAGEMENT'S RESPONSE

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Date: October 22, 2014

To: Germaine F. Brewington, Director of Audit Services

Through: W. Bowman Ferguson, Deputy City Manager

Subject: Management's Response- Take Home Vehicle Audit October 2014

The following is the management's response to the Take Home Vehicle Audit dated October 2014.

Recommendation 1:

The City Manager's office should establish a City wide take home policy. The policy should:

- Standardize the Take Home Vehicle Program by clearly stating the purpose of the Take Home Vehicle Program;
Define the eligibility/justification criteria to identify which staff would best serve the City by having a take home vehicle. The eligibility criteria should consider whether:
 - The position is required to respond to the field with special equipment;
 - The position is required to respond within an established framework; and
 - The position is called back frequently because of unforeseen emergencies.
- Require that a complete and accurate listing of take home vehicles be maintained by both the department and the Fleet Management Department;
- Require all departments with take home vehicles to perform an annual review of the take home vehicle assignments to determine if a valid need still exists and to identify opportunities to increase the use of pooled vehicles and/or reduce the number of take home vehicles;



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- Address the appropriateness of having take home vehicles as part of compensation packages for employees; and
- Define the approval authority for the take home vehicle assignments.

In addition, a maximum emergency response time for employees with take home vehicles should be established. Departments should establish and document emergency response time limits and other expectations by unit. The policy should include language to address call backs of a non-emergency nature; possibly providing options to employees for reimbursement for mileage for the use of their personal vehicles in lieu of take home vehicles. Once a City wide policy is established, the Police Department policies should be revised to ensure alignment with the City policy.

Management's Response:

We Concur. Management is in full agreement with the recommendation. With direction from the City Manager's Office, the Fleet Management Director will lead a process to establish a city-wide take home vehicle policy that addresses the key areas recommended in the audit. The Police Department will be a primary stakeholder in this process, given that they represent the vast majority of the take home vehicles in the city's fleet.

Implementation Date: July 1, 2015

Recommendation 2:

All departments with take home vehicles should perform a review of the take home vehicles to identify opportunities to eliminate take home vehicles that do not meet the intent of a citywide policy.

Management's Response:

We Concur. Management is in full agreement with the recommendation. We acknowledge that the justification for take home vehicles in different departments may vary based on the mission and service needs of those departments. It will be necessary for a city-wide policy to articulate these benefits and accommodate potential differences in departments. Therefore, a periodic review of vehicles to ensure they meet the intent of the policy (as called for in this recommendation) must recognize these different justifications when evaluating the appropriateness of the vehicles, and may use different criteria in making this determination.

Implementation Date: Management recommends an annual review once the city wide policy is adopted.

Recommendation 3:

Departments with take home vehicles should establish a process to maintain accurate and updated assignment records. In addition, in an effort to be more transparent, documentation should also be maintained on the number of actual call-backs for individuals, positions and units with take home vehicles.

Management's Response:

We Concur. Management is in full agreement with the recommendation. The Fleet Management Director will work with staff to develop departmental procedures to ensure that accurate and up-to-date records are kept for all take home vehicles. In addition, procedures will be established to capture the number of actual call-backs for individuals, positions, and units with take home vehicles.

Implementation Date: February 1, 2015

Recommendation 4:

Department directors should ensure that employees report the benefit of having a take home vehicle in accordance with policy FP 205-R1 "Personal Use of City Vehicle".

Management's Response:

We Concur. Management is in full agreement with the recommendation. The Fleet Department will annually provide the Finance Department with a list of all employees with take home vehicles that must comply with policy FP 205-R1 to ensure that proper accounting for this benefit is implemented.

Implementation Date: January 1, 2015